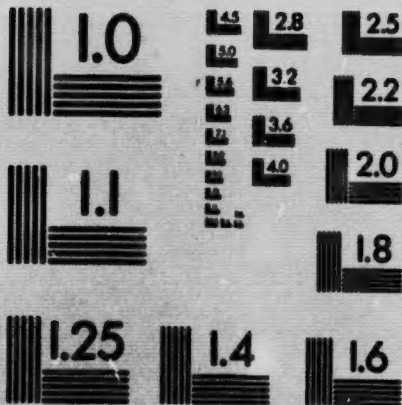


MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

1653 East Main Street
Rochester, New York 14609 USA
(716) 482-0300 - Phone
(716) 288-5000 - Fax

Third Series

PAPERS FOR WAR TIME. No. 29

THE ETHICS OF INTERNATIONAL TRADE

BY

HENRI LAMBERT

INDUSTRIEL À CHARLEROI (BELGIQUE)

MEMBRE TITULAIRE DE LA SOCIÉTÉ D'ÉCONOMIE POLITIQUE DE PARIS

*The Committee gratefully acknowledge their indebtedness
to H. C. Hayward, Esq., Repton, for his
translation of this Paper.*

HUMPHREY MILFORD

OXFORD UNIVERSITY PRESS

LONDON EDINBURGH GLASGOW NEW YORK

TORONTO MELBOURNE BOMBAY

1915

BASIS OF PUBLICATION

This series of Papers is issued under the auspices of a Committee drawn from various Christian bodies and political parties, and is based on the following convictions :

1. That Great Britain was in August morally bound to declare war and is no less bound to carry the war to a decisive issue ;
2. That the war is none the less an outcome and a revelation of the un-Christian principles which have dominated the life of Western Christendom and of which both the Church and the nations have need to repent ;
3. That followers of Christ, as members of the Church, are linked to one another in a fellowship which transcends all divisions of nationality or race ;
4. That the Christian duties of love and forgiveness are as binding in time of war as in time of peace ;
5. That Christians are bound to recognize the insufficiency of mere compulsion for overcoming evil, and to place supreme reliance upon spiritual forces and in particular upon the power and method of the Cross ;
6. That only in proportion as Christian principles dictate the terms of settlement will a real and lasting peace be secured ;
7. That it is the duty of the Church to make an altogether new effort to realize and apply to all the relations of life its own positive ideal of brotherhood and fellowship ;
8. That with God all things are possible.

THE ETHICS OF INTERNATIONAL TRADE

'The making of peace is to be desired and to be regarded as a blessing, when it can insure us against the suspicious designs of our neighbours, when it creates no new danger and brings the promise of future tranquillity. But if the making of peace is to produce the very opposite of all this, for all its deceptive title, it is no better than the continuation of a ruinous war.'—GUICCIARDINI.

I

IN the present circumstances it is very difficult to preserve that international attitude of mind which alone can enable us to regard the questions at issue from the point of view of the general interests of Europe and of the world, without allowing ourselves to be influenced by the passions and prejudices that are inseparable from the particular interests of nationalities. And yet such a frame of mind is indispensable for any one who wishes to have any prospect of finding in a just and permanent form that solution of the European problem that he is concerned to seek. Nor is it any the less necessary, if we restrict our aim to the search for a pacifist adjustment that can invite the careful consideration and the goodwill of all the parties interested.

The international situation of to-day is due to a series of special circumstances affecting the interests of nationalities. National psychology is a factor which has played in it a part, the importance of which neither is nor can be contested. But the real 'causes', the original and deep-seated causes, were of a far more general character, connected with the very nature and necessity of things.

THE ETHICS OF INTERNATIONAL TRADE

Any 'pacifist' conception that can hope to offer, side by side with the theoretic principles of a complete and final human agreement, a practical means of putting an end to the work of ruin and extermination that threatens European civilization, must be inspired by a consideration of these ultimate causes: it must stand entirely aloof from all pre-occupation with particular national interests; it must consequently belong rather to the sphere of philosophy than to that of politics.

The war will of necessity be followed by a peace, but the universal and permanent peace, that each of the belligerents declares to be the supreme result to be attained by this war, will not be the achievement of superiority of arms, nor of skilful strategy, nor, alas! of the bravery of soldiers: these forces will only be capable of imposing a temporary peace, consisting in the subjection and oppression of the conquered. A peace worthy of the name and worthy of true civilization will be the achievement of the thought of those who shall succeed in furnishing a conception of the mutual rights of nations, in accordance with true justice. Universal and permanent peace will be established upon the basis of justice—or never—all.

II

True justice in international relations is before all and fundamentally a policy that favours the economic development of all nations, without excluding any. No doubt the production of wealth is not the supreme aim and object assigned to humanity, and economic prosperity can never provide the consummation of the edifice of human progress; but it does provide its foundation and also its material structure, and the right of every nation incessantly to consolidate and build up this edifice is inalienable. And since the growth of the material prosperity of nations is the very condition that renders possible their moral and intellectual advance—for we cannot conceive of true civilization as a product of mere poverty—their right to the fullest economic development compatible

THE ETHICS OF INTERNATIONAL TRADE

with the wealth of their soil and their own capacity for useful effort is a right that is natural and indefeasible—a divine right. Now the economic development of a nation is inseparable from the constantly extending operations of its exchanges with other nations. Exchange is thus seen to be *de facto* and *de jure* essential in international relations. Every political hindrance to exchange is a blow dealt to international rights. Freedom of exchange will thus be the tangible manifestation and the infallible test of a condition of true justice in the relations between different peoples. And in default of this, international right—and pacifism, which stands or falls with it—will continue to lack a real and solid foundation.

Peace will be assured by law when nations realize and put into practice their true international rights, that are characterized by freedom of trade and are thus susceptible of recognition by all because they respect the primary interests of all.¹

Until international rights and international justice are one and indissoluble, humanity will continue to experience only periods of more or less precarious peace, necessarily dependent upon the will and the interests of those nations that have force at their disposal.

We must not lose sight of the fact that, under modern conditions of war, only those nations that can command great economic resources can be very powerful in arms. Now it is certain that these nations will finally come to insist upon freedom of trade. Progress cannot be coerced; failing of its normal fulfilment through the agency of ideas, it would attain its realization by force.

Moreover, it is only freedom of international trade that can give to a nation's industries that stability and security of outlets that is indispensable to them; whilst in the absence of such security powerful nations that are careful of their future neither can, nor should, consent to abandon the conception of economic prosperity guaranteed or

¹ As we shall indicate later, freedom of trade will gradually simplify and facilitate, to the extent of making them at last perfectly natural, the solutions of the difficult, and probably otherwise insoluble, problems that arise from the affinities of nations in race, character, and language.

THE ETHICS OF INTERNATIONAL TRADE

protected by military power. Whatever objections may be urged to this conception, there is no doubt that the great nations and their governments will never consent to abandon it until they are confronted by the final establishment of international economic security. Tariff restrictions are the worst obstacles to the advent of that true civilization, which is to be revealed by the 'peace of disarmament'. Such a civilization and such a peace will only be possible under the conditions of economic justice and security that will result from free trade.

Cobden said: 'Free trade is the best peacemaker.' We may confidently affirm: 'Free trade is *the* peacemaker.'

III

The pacifists have not sufficiently insisted upon this truth, of *primary importance*, that economic interests are, to an ever increasing extent, the cause and the aim of international politics, and that protection separates these interests and brings them into mutual opposition, whereas free trade would tend to unite and consolidate them.

For the vast majority of individuals, harmony of sentiment can only arise from harmony or solidarity of interests, and whatever unanimity may exist between them, harmony of sentiment will not withstand for long the shock of antagonistic interests. Is it not inevitably the same with national sentiment?

'Immediately after the Independence War, the thirteen United States of America indulged themselves in the costly luxury of an internecine tariff war . . . and, at one time, war between Vermont, New Hampshire, and New York seemed all but inevitable.'¹ Did not we see, some years ago, the vine-growers of the Aube determined to declare civil war upon those of the Marne, because an attempt had been made to establish economic and protective frontiers between these two districts? Is it conceivable that, in the present industrial epoch, peace should

¹ Mr. Oliver, quoted by Lord Cromer in a report to the *International Free Trade Congress of Antwerp* (August, 1910).

THE ETHICS OF INTERNATIONAL TRADE

continue to obtain, even for so long as half a century, between the English and the Scotch, between the Italians of the north and those of the south, between the Prussians and the southern Germans, between the Austrians and Hungarians, between the French of the north and the French of the south, if tariff frontiers were re-established between these groups ?

It is the adoption of free trade within a nation's own borders that, by consolidating and unifying her economic interests, furnishes the real support and solid foundation of national unity ; it will be the adoption of free trade between nations that will have to accomplish the same work in the wider international sphere. We must then consider as a fatal error and one too widely spread, the idea that free trade can only be the ultimate result of a good understanding between the nations : the truth is that free trade is the preliminary and indispensable condition of a permanent international understanding.

The predominant importance of protection or free trade in international relations lies rather in moral than in material considerations. It is due particularly to the fact that whilst protection is an aspect of international injustice, free trade is the very embodiment of international justice. And such justice and injustice are *fundamental*, since they apply to the *fundamental* relations between nations, bearing upon their material, vital, *fundamental* necessities.

And further, the material interests of nations, in other words their physiological interests, form the concrete substratum, indispensable and natural, for their intellectual and moral, i.e. psychological interests. (This is indeed no more than a wider interpretation of *mens sana in corpore sano*.)

In order that international politics should *profitably* be controlled, no longer by the material interests of mankind but by their intellectual and moral aspirations, it would first of all be requisite that international methods of dealing with material interests should be, at a minimum, satisfactory. If men are incapable internationally of

THE ETHICS OF INTERNATIONAL TRADE

dealing successfully with material interests, how can they be competent to deal successfully with their intellectual and moral interests, which are so far more complex !

The pacifists have far too much neglected these realities of the ideal with which they are inspired, and it is this that explains, to a great extent, the ineffectiveness of their noble efforts. They have preached the spirit of conciliation in the policy of States towards one another, international arbitration, disarmament ; but in so doing they have not been attacking the cause of all the evil. Militarism, international quarrels, armaments and even ' race hatred ' are in our day, and particularly amongst the great European races, merely effects, of which the cause is to be sought in antagonism of interests, fostered in the great majority of cases by protection.

IV

It will not, however, be necessary, in order to bring about the beginnings of an era of universal and permanent peace, that every nation should embrace the policy of ideal economic justice that would be realized in complete free trade : it will be enough that three, or perhaps two only, of the most advanced and most powerful nations—England, Germany, France or the United States—realizing at length their true general interests, economic, social, and political, and drawing their inspiration from the principles of free trade—should adopt ' tendencies ' definitely directed towards commercial liberty and should impress similar tendencies upon the policy of secondary nations, by example, by influence and, if need be, by legitimate pressure.

Hitherto, and especially during the last thirty years or so, the policy of the great nations, with the exception of England, has followed a course diametrically opposed to this. Taking as their guiding principles ill-will, jealousy, and self-interest—a self-interest, be it noted, grotesquely misunderstood—revealing an inconceivable misconception of economic truth and a no less incredible folly, the great

THE ETHICS OF INTERNATIONAL TRADE

nations have not ceased to increase their efforts to secure isolation, mutual exclusiveness and mutual constraint by means of protective tariffs. The economic foreign policy of each nation consisted above all else in the attempt to apply to other nations a treatment in the matter of tariffs, against which she would hasten to protest energetically and even, if possible, by force of arms, when there was any suggestion of its application to herself. Such a policy, as logically inconsistent as it was unjust, was bound sooner or later—especially as it was applied in an epoch marked by an immense development of industries—to lead to a catastrophe. Could the continuation of such a policy leave room for any hope of the advent of that reign of peace and goodwill among nations to which humanity aspires? It is at once logical and obvious that mankind can never hope for such a reign of peace until some at any rate among the nations resolve, in their economic relations with other states, to conform to the maxim, which sums up all rules of conduct: do not do to others what you would not that they should do unto you.

Moreover, it must not be forgotten that in the sphere of domestic policy, protection is a system of robbery and impoverishment of the masses of consumers for the benefit of privileged minorities of producers; that it is thus based upon the spirit of injustice within the state as well as towards other states; and that it would be contrary to the sound nature and sacred logic of facts, and almost blasphemous, to expect from such a political system that it should produce anything else but evil and disorder wherever it is put into practice.

Because she has failed, or perhaps because she has not sufficiently sought, to induce other nations to adopt the policy of liberty and justice, to which she has herself successfully adhered, England suffers with them the consequences of their errors: for, as has long ago been testified, the rain falls upon the just as well as upon the unjust.

But the storm is one that never should have burst: it could have been, and ought to have been, prevented.

THE ETHICS OF INTERNATIONAL TRADE

V

The United Kingdom comprises 45,000,000 inhabitants, and their industries and their trade have at their disposal the markets of colonies that extend over a third of the surface of the globe, that are capable of supporting several thousand million inhabitants and are even now occupied by about 400 millions. The English nation sends out her sons and exports her products, in complete security and stability, into these possessions, of which some, and those not the least important, give a privileged position to English products by means of differential tariffs.

France is in an analogous position from the point of view of her colonies, especially if due allowance is made for her needs, her desires, and her limited capacity for outward expansion. Moreover, she introduces, for the benefit of her producers, a highly privileged system of tariffs, wherever she establishes her rule.

Russia and the United States have vast territories with great natural resources, far exceeding the needs of their populations.

The Empire of Germany has a population of approximately 70,000,000, constantly growing at the rate of nearly a million a year. Their industries and their trade are only assured of their home markets and of certain colonial markets of relative insignificance. The territory of the German Empire is exactly one-tenth of that of the British Empire, and will only be capable of occupation in the future by a very limited number of additional inhabitants and additional consumers of German products. As far as all her other markets are concerned, the German nation, with her very considerable—and entirely legitimate—needs, desires, and capacity for outward expansion, is placed, it must be admitted, in a precarious position.

The idea of protection places all intercourse between nations upon a footing of mere tolerance, which may at any time be transformed into complete intolerance, an

THE ETHICS OF INTERNATIONAL TRADE

intolerance then extending as well to human beings as to merchandise. Assuredly it is not one of the least disadvantages of protection, that it involves a general instability and insecurity both for those who adopt it and for those against whom it is directed. Germany, by her adherence to protection, both causes to others and suffers herself these disadvantages. Did not Russia announce, last July, that she was contemplating radical alterations in the Russo-German commercial treaty that expires in 1916? Was not France preparing to secure by means of fresh additions to her tariffs the resources required for the application of the 'loi de trois ans'? Is there an assured majority of citizens in the United States converted to the policy of free imports? And can we exclude the possibility that in ten or fifteen years' time England may have a majority of electors favouring proposals of tariff reform and the formation of a vast economic empire of closed markets?

It cannot then be contested that, as far as her foreign markets are concerned, Germany's economic position is precarious.

It is true that an elementary understanding of her true interests, both economic and political, ought long ago to have induced her rulers to adopt a free trade policy, by gradually reducing the barriers of her *Zollverein*, and inviting other countries to extend to her a similar treatment. Had they done this, how easy it would have been for them and how advantageous, in answer to the proposals for disarmament made to them from time to time, to insist that a great industrial nation cannot rest satisfied with precarious markets, and that there can be for her no disarmament failing economic security, the primary element of national security. Germany would thus have won the sympathy, the support and the eager co-operation of free trade England, as well as of Holland, Belgium, Denmark, and the majority of enlightened public opinion in all the nations of the world.

But Germany and her rulers have not chosen such a policy of truth, progress, justice, and peace. They

THE ETHICS OF INTERNATIONAL TRADE

have been subservient to the particular interests of narrow or unscrupulous agrarians and manufacturers; they have accepted the disinterested but false theories of their professors of 'Nationale Wirtschaft'¹; they have been fascinated too by the idea of an economic and military imperialism of the German race, and they have preferred the attitude of conquerors, who fail to understand and refuse to recognize any other advantages than those that may be secured by force.

But did this attitude of Germany, clumsy and pitiful as it may have been, make it any the less foolish and impolitic of other nations to expect her to accept as final the inadequate and precarious position created for her by her past history as well as by her own political mistakes in the present day? Should not a true political wisdom, revealed in foresight and justice, have prescribed one of two courses: either that the other nations should agree to facilitate the formation by Germany of colonial dominions of her own, which a very intelligible pride and economic necessity alike prompted her so eagerly to desire, or that they should offer her *stable* assurances and compensations, capable of satisfying both her pride and her interests, by undertaking to throw open to her, if not their home markets, at any rate those of their colonies? It would of course be understood that the German colonies should also be thrown open to free international intercourse.

Nothing was done in this direction, indeed very much the reverse. The plutocrats, the militarists, and the war party in Germany were left in possession of an almost imperative argument in their favour, and thus the other nations helped to maintain and embitter the spirit of conquest in the German people.

¹ How can it be explained that the German *savants* and leaders have not realized that Germany owes her powerful economic development not to the system of protection but in great part to the system of free trade established between twenty-nine States formerly separated by customs frontiers, numbering half a century ago less than 40,000,000 inhabitants, and to-day nearly 70,000,000 free trade producers and consumers?

THE ETHICS OF INTERNATIONAL TRADE

Economic mistakes, political blindness and folly, an inadequate conception of international justice on the part of all the nations and their Governments, such were the real causes of the cataclysm that is now overwhelming Europe and all mankind.

VI

Is it too late, or can it be too soon, for the admission of a general 'mea culpa'? *Errare humanum, perseverare diabolicum*. Instead of allowing the abominable and wicked work of ruin and extermination to continue, is it not the duty of the rulers of the belligerent peoples, towards God and mankind alike, to use their best efforts for a reconciliation based upon truth and justice?

Their duty towards God, for the design of Providence for the perfecting of human progress, obviously involves the association and co-operation of peoples by means of exchange, and not their isolation, mutual exclusion or suppression or subjection. Is not the interchange of the products of labour the natural primary fact from which all progress directly or indirectly originates? Their duty towards mankind, because men will become worthy to enjoy the peace of nations to which they aspire, when, under the guidance of enlightened and conscientious leaders, they have been permitted to grasp the idea of human solidarity, by the primary means of exchange, from which will spring the infinite ramifications of mutual service. Their duty towards mankind again, because it is in all that is noblest, strongest, and best in men and all that is most valuable and most useful in things, that is to say in the objects of its legitimate pride, its affections, and its hopes, that mankind is threatened.

And besides, why continue the sacrifice of countless victims and the adding of ruin to ruin? It is, even now, exceedingly probable that, admitting the most incalculable sacrifices of men and material on the one side and the other, there will not be in this war either conquerors or conquered: Germany may be mastered, she will not

THE ETHICS OF INTERNATIONAL TRADE

be crushed : she will not be brought to her knees. There will have to be 'an adjustment'.

And perhaps it is better that it should be so, for war can never be completely conquered by war, oppression by oppression, injustice by injustice, evil by evil.

There will have to be an adjustment, that is to say that it will be necessary to agree to mutual concessions in satisfaction of the main legitimate demands. And there will have to be an effort to make this adjustment final, with a view to a universal and lasting peace.

The writer of these lines believes that he has shown that it would be advantageous and politic to assure to Germany a more stable economic position. He believes also that he has proved that there can be no permanent peace failing the adoption of a policy inspired by justice in international economics, and thus 'tending' towards freedom of commerce, to find its consummation in universal free trade.

A final adjustment on pacifist lines would then involve, in the first place, agreements sanctioning the removal of tariff restrictions between the belligerent countries—or at any rate the gradual lowering of tariffs with a guarantee to all of equal and reciprocal treatment. All other reforms that are the objects of legitimate national hopes or intents must, in order to be profitable, be the consequences or corollaries of an equitable economic adjustment.

Such an adjustment of tariffs would also be imperative supposing that, contrary to all probability, this war should end in crushing victory or defeat for one or other of the adversaries—a supposition necessarily involving the sacrifice of twenty, thirty, fifty millions of human lives, on the field of battle, in towns and country districts, by wounds, by sickness, and by privation—involving too the destruction of incalculable artistic and economic wealth, and probably, alas ! the annihilation of innocent Belgium, which will not be the least of European crimes.

Let us suppose indeed that the victors impose upon

THE ETHICS OF INTERNATIONAL TRADE

the vanquished an inequality of tariffs that places them in a position of economic inferiority, and that mankind thus reverts to the system of race slavery in a modern guise. Is there any man of foresight or indeed of simple common sense who thinks that it is possible to reduce to slavery and *keep* in that condition, under whatever form or by whatever means, nations of which some comprise even now and the others will comprise within a century hundreds of millions of individuals? Certainly not half a century would elapse, before the whirligig of time bringing its revenges, the oppressed would take advantage of fatal dissensions among their oppressors—for how many alliances last half a century?—and reverse the positions with the acclamation of all the peoples that have remained outside the present conflict and its results.

Looking at the matter exclusively from the point of view of the victors, whoever they may be, the only wise and foreseeing policy will be that which has ever been the best: to be just, to live and let live. Apart from the imposition of an adequate war indemnity, nothing durable and advantageous and compatible with subsequent peace could be done beyond imposing upon the vanquished the obligation to abolish or reduce considerably their customs duties, whilst granting them fair reciprocal treatment.¹

If we have proved that the origin and cause of the present war are economic, that it can only profitably be ended by an economic adjustment, and that such an adjustment could be introduced at once, have we not also proved that it would be criminal to continue the work of ruin and massacre? Is it conceivable that for the sake of securing a war indemnity the English, Germans, and French should demand the sacrifice of countless more

¹ It is worth while to emphasize the fact, too much overlooked by manufacturers and merchants, that the abolition of import duties would be the only reasonable and effective method of suppressing that act of war applied to industrial competition, known as 'dumping', for which German industries have been so justly blamed.

THE ETHICS OF INTERNATIONAL TRADE

lives of their sons, their friends, their brothers, and their fathers ? ¹

VII

The system, no less absurd and inconsistent than unjust, of mutual economic isolation and exclusion between nations, vigorously and widely adopted in the last thirty years or so amid the utmost development of industrialism, was the substantial, deep-rooted, and ever-present cause of European dissensions and of the terrible conflict of the present time.

A really effective peace movement must undertake to remove this disturbing cause.

But no doubt it would be a task impossible of realization, especially in the midst of the struggle, to rid Europe, at a blow, of the whole mass of obstacles, consisting of tariff laws, restrictions, and prohibitions, which make it impossible for her peoples to be united and consolidated, even in spite of themselves, by an indestructible network of economic interests. Besides, every undertaking must have a beginning.

Now despite appearances and superficial incidents, the question of colonial outlets—of 'a place in the sun'—has hardly ever ceased to be the central factor in Germany's legitimate anxieties and the nodal point of all complications that have arisen.

It is then the colonial system that should be the first object of reform—not only because we should then be dealing with the real cause of the difficulty, but because it is precisely on the question of the reform of their colonial administration that the nations would soonest and most easily come to an understanding.

¹ It is not unreasonable to suppose that if the war were to end by the crushing of one or other of the two sides, it would last for at least two more years; it would absorb almost all the available capital of Europe; and from it would result unutterable suffering and destitution. No doubt it would be an insult to the intelligence of our statesmen to suppose that they do not understand that the result would be, at no distant date, the social revolution of Europe—unless, indeed, not enough men are left to carry it out. But there will always be electors enough left to deprive of power the incompetent representatives of imbecile ruling classes.

THE ETHICS OF INTERNATIONAL TRADE

Amongst French politicians, amongst the economists of that country and also in industrial and commercial circles, the idea has grown up, under the stimulus of facts, that the French colonies are suffering from the narrowness of the economic system imposed upon them in the matter of tariffs. On several occasions this opinion found expression in the *Chambre des Députés*, and a *Président du Conseil* was able to assert, without raising a protest or a denial, that the system of the open door ought to be applied to all the French colonies, because it is apparently the indispensable condition of their prosperity. What is true of the French colonies is true of all other 'protected' colonies.

A CONFERENCE, IN WHICH ALL THE NATIONS OF THE WORLD SHOULD BE INVITED TO PARTICIPATE, SHOULD BE SUMMONED AT ONCE (in a neutral country and under favour of an armistice which appears to be possible) ENTRUSTED WITH THE TASK OF AUTHORIZING AN AGREEMENT BETWEEN ALL COLONIAL PEOPLES THROWING OPEN THE COLONIES OF ALL TO THE FREE TRADE OF ALL.

This conference would further set before itself the object of reaching a second agreement, by which as large a number of nations as possible would bind themselves to a gradual reduction in the tariffs of the mother countries.

(This reduction might, for example, take place at the rate of 5 per cent. per annum, without, however, any 'obligatory' fall in import duties below 50 per cent. of what they are at present. Example and results would be responsible for the rest.)

Both agreements—that affecting the colonies and that affecting the mother countries—should be concluded for a period of 100 years.¹

The colonial agreement would apply not only to present, but also to *future* colonies; this would give it its full

¹ It is extremely irrational and dangerous and moreover contrary to sound law to conclude international agreements *ad aeternum*, that is to say, without any limit. Such agreements, like all contracts, should be made for a definite period and renewable. They will thus have a greater precision of meaning and will involve a more formal obligation. An international treaty without the stipulation of a period involves the mental reservation *rebus sic stantibus*.

THE ETHICS OF INTERNATIONAL TRADE

value and would remove a great danger of subsequent dissension.

The throwing open of the colonies to international freedom of trade would not necessarily mean the immediate abolition of all colonial tariffs, *but it would imply the immediate extension to traders of every nationality of identical economic treatment in all colonial markets.* England would thus have to surrender the preference granted her in Australia, Canada, and South Africa : in doing this she would only be following the example of Holland, which has refused any preference in her colonies for her home products. On the other hand, France, Germany, and the other nations would throw open to British activities their colonial territories—and this applies to territories which are four times as large as Europe, and in which trade and industry are all the more capable of development, because, under the restrictions of privilege, they are at present relatively insignificant.

The objection may be urged to the system of freedom of trade—and also to that of equality of treatment in the matter of tariffs—that these systems might prove unfavourable to the interests of poor or less wealthy colonies, some of which necessitate constant sacrifices on the part of their mother countries : for if the latter no longer derived any *direct* advantages or compensations in return for their sacrifices, they might neglect such colonies. But it is easy to conceive some clause in the colonial agreement, stipulating that the whole or some part of the expenses of the mother country should be redistributed among the nations in proportion to the amount of their respective trade with the colony concerned. The natural result of this would be a system of co-operation, with a control which would be the best guarantee for the coupled profitable employment of the money spent and for the good administration of the less prosperous colonies.

Such a system would in every respect be the equivalent of the internationalization of the colonies—without its disadvantages and its difficulties—and it may be proposed

THE ETHICS OF INTERNATIONAL TRADE

as a method of just and loyal association or co-operation of all nations in the universal work of colonization.¹

Finally, these two agreements—affecting respectively the colonies and the mother countries—would be the decisive step in the direction of universal free trade and peaceful industrial civilization.

Need it be pointed out that the great lesson in justice and civilization that would result from such an adjustment on pacifist lines, would be calculated to make a profound impression in Germany, where, after all, men with minds capable of embracing anew ideas of liberty and justice remain in a vast majority? And it would be calculated to detach, in her foreign and domestic policy alike, the liberal and democratic parties, as well as the most clear-sighted of her manufacturers and merchants, from the parties of plutocratic reaction and militant imperialism.

We have said over and over again, but we do not hesitate to repeat once more, that it is not by force that the spirit of militarism and of conquest can finally be overcome: it can only be by the adoption of the principles of truth and justice in international politics.

VIII

The author of the present paper has had two objects in view: to provide a theoretic formula for universal and permanent peace—that is summed up in the term free trade—and also a practical formula, resulting from it, for the adjustment on pacifist lines that is desirable at the present time and that is capable of leading up to such a peace.

¹ There is no longer any doubt that the annexation of the Congo was, from various points of view, a great mistake. It is a thankless task and far too heavy for Belgium. Some Belgians, amongst whom was the author, had proposed the internationalization of the Congo, a resolution that was at that time possible, because first England, and then France would very probably have supported it. The system now proposed is far superior to internationalization; it offers France and England the opportunity of doing a service to Belgium, and at the same time to themselves. As early as 1908—on the occasion of the annexation of the Congo by Belgium—the author had suggested the internationalization of the whole basin of the Congo and colonial free trade as the only means of dispersing the heavy clouds that threatened Europe.

THE ETHICS OF INTERNATIONAL TRADE

But he cannot allow himself to be reproached with having apparently overlooked or neglected the question that has the most powerful, the most legitimate and the most sacred hold upon the hearts of his compatriots and their friends : the question of the fate of Belgium.

We have said that an ' adjustment ' is inevitable, that is to say a many-sided agreement embracing equitable concessions on both sides. But no peace and no adjustment are possible,—nor desired, *by any Belgian*, that do not involve the restoration of Belgian independence and the freedom of Belgian territory.

Equitable moral compensations and material indemnities will be due, moreover, to this nation, the victim and the martyr of the errors and quarrels of her powerful neighbours.

Let us suppose that Germany, recognizing her economic errors, the futility of her conception of human progress and the defects of her international policy, should announce her acceptance of the pacifist adjustment that we have proposed—and that we hereby submit to the statesmen of Europe ; let us suppose that Germany, announcing her desire to resume her place in the ranks of civilized nations, should undertake to evacuate Belgium and to indemnify her—with or without the concurrence of the other belligerents. It could only be France that could urge any objections. England obviously could only be too happy to see Germany enter upon the path of an economic policy on liberal lines and moreover in conformity with her own. Russia has no colonies (unless we regard Siberia as such), and it does not seem unlikely that she might be inclined to become a party to a possible agreement between the mother countries, tending towards greater freedom of trade in the future. Austria is in precisely the same position.

But France is engulfed in the quicksands of Protection ; she has forgotten the period of commercial prosperity that she enjoyed under the commercial treaties of the second Empire, which from that point of view was more liberal than the third Republic ; and in spite of the advice of

THE ETHICS OF INTERNATIONAL TRADE

her most enlightened politicians, of her best economists and of her most authoritative Chambers of Commerce, she might insist upon maintaining for her colonies the hateful economic system that she has imposed upon them : a system that has brought misfortune upon them, upon herself, and upon Europe. But I do not hesitate, as a Belgian, to assert that the government and rulers of France must refuse, eventually, to be guilty of such an act and of such an attitude, if there is one word of truth in the protestations of eternal and boundless gratitude which have been expressed by France to Belgium in the last few months. I would add that these protestations were not in the least extravagant, for on two occasions—after Liège and after Louvain—Belgium sacrificed herself, without any material, moral, or international obligation so to do, and saved first France, and then England, from the designs of the Germanic race. I would venture to remind France and England that they have a duty to fulfil : the duty of employing every possible means of saving Belgium from the supreme ordeal, provided these means do not prejudice the civilization of the future but rather tend to promote it.

In the interests of future peace the question of Alsace-Lorraine must also receive a solution. But here we must not overlook the legitimate interests of the inhabitants of German origin, who form a very important part of the population of these districts. Nor must it be forgotten that many of the inhabitants of French origin abandoned the idea of reunion with France on the strength of satisfactory and radical alterations in the Reichsland statute. Is it impossible to conceive in these provinces a government autonomous and *neutral* satisfying every legitimate interest, aspiration and feeling, whether French or German ?

The author asserts his belief and indeed his conviction that the two questions of Belgium and of Alsace-Lorraine can be easily solved by the economic agreement which he proposes, and which he considers calculated to satisfy the legitimate demands of Germany.

It is appropriate to emphasize here the general truth

THE ETHICS OF INTERNATIONAL TRADE

that freedom of international commerce will greatly facilitate and simplify the solution of the complex and delicate questions arising from racial affinities. What interest could nations have in organizing huge empires, embracing numerous peoples and vast territories, if they were certain never to need to fight either amongst themselves or against other nations? Would not a superior condition of industrial civilization give them henceforward an assured and unrestricted power to exchange their goods and interchange their ideas? What grounds could they still have for refusing to loosen or abolish the ties of a dependent position that has either always been resented or has become distasteful? With freedom of commerce, the nations will soon come to recognize that all the advantages that they hoped to obtain through territorial expansion, through the conquest and subjection of other nations, are to be found, with no risks and no drawbacks, in the stability and security of international relations. Such a system alone admits of the permanent reconstruction or preservation of those 'natural nationalities', whose aspirations are amongst the noblest and most legitimate of our era; for the principle which they embody, as has been brilliantly proved by Novicow (*La Question de l'Alsace-Lorraine*), is the basis of the international as well as of the social order.

IX

A study of the European question cannot ignore the question of armaments, upon which it may certainly be noted that it is an extraordinary delusion, indeed an inconceivable blunder, to suppose that by the suppression of armies war would be suppressed and that to assure peace a beginning must be made by suppressing armies. Is it not the simple common-sense truth that, in order to be able to suppress armies, we must first of all suppress war—that is to say, we must create a position of international security?

Treated illogically, the question of disarmament, or of mere limitation of armaments, is inextricably complex

THE ETHICS OF INTERNATIONAL TRADE

and calculated to raise the most dangerous difficulties, not only between belligerents who are in a fair way towards a pacifist adjustment of their differences, but also between belligerents and neutrals, and between nations in actual or prospective alliance with one another. But the question would be readily solved, either by agreement, or perhaps by simple natural causes, so soon as it was attacked logically. This question can obviously only follow upon that of the organization of international security, which will tend to become identified with economic security, as mankind completes the transition from military civilization to true industrial civilization. Disarmament will be the logical and natural consequence of the establishment of economic security between nations.

The same will be true of compulsory reconciliation and compulsory arbitration between nations, which will then become acceptable and will be quite naturally accepted.

Students, statesmen, and pacifists have far too much overlooked the fact that the evolution of human progress has constantly and increasingly been influenced by the economic conditions of each epoch. Henceforth political science must draw its inspiration more and more from the data of economic science, which deals with human relationships in conformity with the nature and necessity of things—that is to say, reverencing natural truth and justice. And since humanity is an integral part of nature, it is very right that its evolution and its history should be controlled by natural laws, which are indistinguishable from the Will of Providence. Amongst natural laws, those of economics, which are the basis of the practical life of individuals and nations alike, are the most important to observe in politics, if it is desired to avoid the shocks and disturbances that convulse from time to time societies and empires.

Mankind in Europe seems to have reached the decisive turning-point of its history. Utilitarian progress and the growth of luxury at an excessive and abnormal rate, not balanced by the requisite progress in the sphere of morals

THE ETHICS OF INTERNATIONAL TRADE

and philosophy (a defect, of which the primary cause can easily be determined and is purely economic), had created entirely artificial conditions of social and international life which were weak and unstable in the extreme. In the sphere of international relations, the wishes of a faction, the discontent of a monarch, the rashness of a minister, the excesses committed by a mob, were sufficient to disturb to an alarming extent the all-dreaded 'European balance of power' and to endanger a civilization that, whilst apparently extremely advanced, was in reality merely fortuitous. The problem is to give cohesion, stability, and unity, in foundations and superstructure, to a world of social and international incoherence.

We are not here concerned to deal with the social problem; it is the international problem that is urgent. Now whatever politicians and pacifists may have thought, the preservation of economic frontiers (the direct consequence of lack of equilibrium between utilitarian and philosophic progress) has been the main obstacle to the realization of intellectual, moral, and social unity in Western Europe. The European Confederation that is the dream of some thinkers, would, it will be admitted, only be possible if tariff frontiers were removed; but if these are removed, the *political* federation of the States of Europe is no longer needed. The unique and fleeting opportunity is now offered of laying the first free trade foundations of a co-operative association between the nations of Europe, which would mark the beginning of an era of boundless economic and social progress, as well as the advent of universal peace.

The Romans had conceived the idea and the hope of a permanent 'Pax Romana'. The emperors of mediaeval and modern Germany have cherished themselves and fostered amongst their peoples the ambition of a 'Pax Germanica'. No doubt many friends and admirers of England would ardently desire a 'Pax Britannica'. But truth and justice, the eternal twin forces that bear sway over mankind, will never rest content till men attain to the 'Pax Economica'.